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Australia

Fresh Deciduous Fruit

Semi Annual

2004

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Report Highlights:

Australia's apple and pear crops are both forecast at below average production levels in calendar year (CY) 2004. The Australian deciduous tree fruit industry continues to suffer the lingering effects of drought, despite a recent return to more normal weather conditions. Exports are forecast at historically low levels in CY 2004. Post has also revised production numbers downward for CY 2003, in-line with up-to-date figures published by the industry.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
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[AS]

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SECTION ONE: SITUATION AND OUTLOOK

Australia's apple and pear crops are both forecast at below average production levels in calendar year (CY) 2004. The Australian deciduous tree fruit industry continues to suffer the lingering effects of drought, despite a recent return to more normal weather conditions.

Exports are also forecast at historically low levels in CY 2004. A relatively strong Australian dollar, combined with low deciduous fruit availability, is expected to see export volumes fall by around half in CY 2004.

Post has revised production numbers downward for CY 2003, in-line with up-to-date figures published by the industry. Climatic conditions, such as drought, has constrained production to below Post's previous expectations. Post also revised tree numbers in-line with recently published industry figures.

SECTION TWO: STATISTICAL TABLES

PSD Table Apples, Fresh							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	25000	25000	25000	25000	28000	28000	(HA)
Area Harvested	0	0	0	0	0	0	(HA)
Bearing Trees	6400	8300	6500	8392	6600	8400	(1000 TREES)
Non-Bearing Trees	3752	1800	3811	1819	3850	1820	(1000 TREES)
Total Trees	10152	10100	10311	10211	10450	10220	(1000 TREES)
Commercial Production	320526	320526	340000	326000	280000	280000	(MT)
Non-Comm. Production	0	0	0		0	0	(MT)
TOTAL Production	320526	320526	340000	326000	280000	280000	(MT)
TOTAL Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	320526	320526	340000	326000	280000	280000	(MT)
Domestic Fresh Consump	138000	138000	135000	135000	120000	125000	(MT)
Exports, Fresh Only	25920	25670	33566	32099	25000	15000	(MT)
For Processing	156606	156856	171434	158901	135000	140000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	320526	320526	340000	326000	280000	280000	(MT)

Export Trade Matrix Apples, Fresh			
Time Period	Jan - Dec	Units:	MT
Exports for:	2002		2003
U.S.	116	U.S.	0
Others		Others	
India	5244	India	6665
Malaysia	5224	Malaysia	6135
Sri Lanka	3661	United Kingdom	5322
Singapore	2553	Sri Lanka	4563
United Kingdom	2234	Taiwan	2785
Bangladesh	1381	Singapore	1801
Taiwan	1327	Bangladesh	1532
Indonesia	739	Indonesia	663
Hong Kong	577	Hong Kong	634
Papua New Guinea	459	Papua New Guinea	441
Total for Others	23399		30541
Others not Listed	2155		1558
Grand Total	25670		32099

PSD Table Pears, Fresh							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	0	0	0	0	0	0	(HA)
Area Harvested	0	0	0	0	0	0	(HA)
Bearing Trees	1950	1330	1950	1305	0	1300	(1000 TREES)
Non-Bearing Trees	550	350	550	326	0	320	(1000 TREES)
Total Trees	2500	1680	2500	1631	0	1620	(1000 TREES)
Commercial Production	145000	145000	165000	135919	0	150000	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	145000	145000	165000	135919	0	150000	(MT)
TOTAL Imports	1467	1467	2097	2097	0	1500	(MT)
TOTAL SUPPLY	146467	146467	167097	138016	0	151500	(MT)
Domestic Fresh Consump	70000	70000	85000	70000	0	80000	(MT)
Exports, Fresh Only	18472	18189	15331	14202	0	10000	(MT)
For Processing	57995	58278	66766	53814	0	61500	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	146467	146467	167097	138016	0	151500	(MT)

Import Trade Matrix Pears, Fresh			
Time Period	Jan - Dec	Units:	MT
Imports for:	2002		2003
U.S.	73	U.S.	0
Others		Others	
China	1304	China	3504
Japan	31	Japan	37
Korea South	25	South Africa	17
South Africa	9		
Total for Others	1369		3558
Others not Listed	25		10
Grand Total	1467		3568

Export Trade Matrix Pears, Fresh			
Time Period	Jan -Dec	Units:	MT
Exports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Singapore	4328	Singapore	3199
Malaysia	4030	Malaysia	2169
Indonesia	3023	Canada	2099
Canada	1811	Indonesia	2054
New Zealand	1647	New Zealand	1775
Hong Kong	851	Hong Kong	543
Belgium-Luxembourg	422	New Caledonia	333
India	322	Belgium-Luxembourg	274
Italy	232	United Kingdom	234
Fiji	183	Fiji	222
Total for Others	16849		12902
Others not Listed	1340		1300
Grand Total	18189		14202

SECTION THREE: NARRATIVE ON SUPPLY AND DEMAND, POLICY & MARKETING

Apples

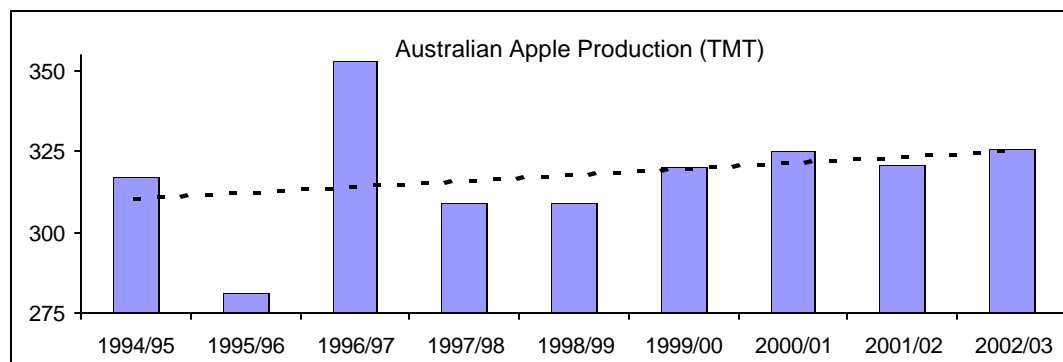
Production

Australia's apple production in calendar year (CY) 2004 is forecast at 280,000 metric tons (MT), unchanged from Post's previous forecast (Report #AS4001), but a decline of approximately 14 percent, or 46,000 MT, from the revised figure for the previous year. Historical data reported by the Australian Department of Agriculture, Forestry and Fisheries (DAFF, formerly AFFA) shows this level of production to be well below average. The long-term effects of the drought experienced in 2002 and 2003, combined with the "off-year" in the traditional bi-annual production cycle, significantly constrained apple production in CY 2004.

Apple production in CY 2003 is estimated at 326,000 MT, down from Post's previous forecast and in-line with industry estimates. Widespread drought and isolated incidents of hail constrained output. Conversely, the lack of humidity associated with the drought reduced the incidence of pests and diseases. This production level is around an average level, according to historical DAFF figures.

Post has revised tree numbers for CY 2003, in-line with figures recently published by the industry. New technology is increasing the density of new plantings. Over time this is expected to increase tree numbers slowly.

Post uses DAFF figures to establish long-term trends and averages. DAFF figures are reported in split-years (July-June) with the second year of DAFF's split year correlating directly with Post's calendar year production figures (i.e., DAFF 2002/03 = Post 2003).



Source: DAFF

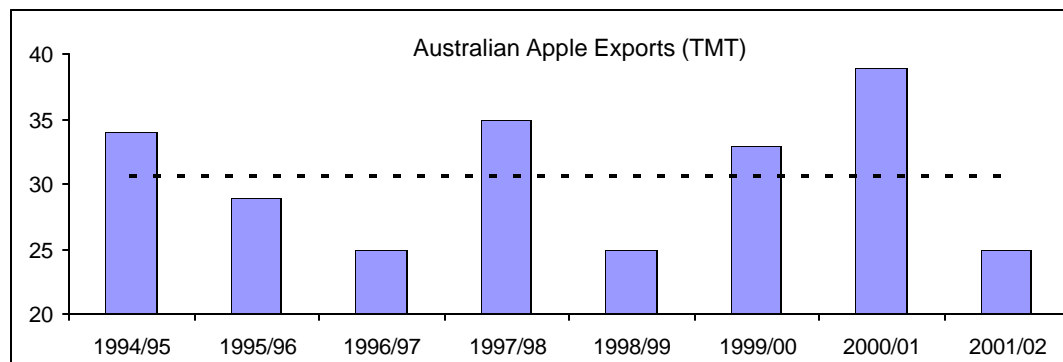
Consumption

Official up-to-date consumption figures for apples are unavailable. Historical data shows domestic fresh consumption of apples is slightly less than that destined for processing. Consumption and processing figures quoted by Post are derived from total supply less exports.

Trade

Exports: Australia's apple exports in CY 2004 are forecast at 15,000 MT, down from Post's previous forecast. This represents a decline of around 50 percent on the revised figure for the previous year. Year-to-date Australian Bureau of Statistics (ABS) figures for 2004 show a decline of over 50 percent compared to the same period in the previous year. A smaller crop, increased competition from other southern hemisphere countries and a stronger Australian dollar are likely the major determinants of the drop in CY 2004 exports.

Exports for CY 2003 are estimated at 32,099 MT, in-line with revised ABS figures and down slightly from Post's previous estimate. Historical figures show this level of exports to be largely in-line with long-term export trends, despite the above-average sized crop.



Source: DAFF

Imports: Australia bans essentially all apple imports because of disease and insect pests that are of quarantine concern. Of principal concern for Australia is Fire blight, a plant pathogen that is present in most apple producing countries (including the United States). Australian quarantine agencies (Biosecurity Australia) commenced an import risk analysis (IRA) for New Zealand apples in 1999.

In October 2000, Australia (Biosecurity Australia) released a draft IRA for New Zealand apples. Biosecurity Australia subsequently issued a revised IRA for public comment in February 2004. Outlined in this IRA are the most recently proposed measures for dealing with concerns such as Fire blight, European canker, apple leaf curling midge, four species of leaf rollers and wheat bug. The consultation period for the revised IRA closed in June 2004.

Biosecurity Australia is currently considering submissions received from stakeholders during the consultation process. The final IRA is pending these considerations.

This IRA has gained much attention in the rural, and to some extent, the mainstream media. Industry groups remain vigorously opposed to the importation of apples and purport this as being too risky on quarantine grounds. If approved such importation would represent the first commercial scale shipments of apples into the Australian domestic market and would provide international competition in the domestic market for the first time.

Exchange Rates: Australia's competitiveness in world agricultural markets and export returns to domestic producers are heavily impacted by the value of the Australian dollar. The Australian dollar has appreciated markedly against the currencies of major trading partners, particularly the United States, over the past two years -- averaging US\$0.544 in 2002 and peaking at US\$0.80 in early 2004. Currently, the Australian dollar is valued at about US\$0.70.

Free Trade Agreements: The recently concluded Australia-U.S. Free Trade Agreement (FTA) negotiations were very topical in Australia. Concerns over the impact the FTA may have on Australian industries and on government policies were hotly debated. The agreement is pending final approval, with implementation possible by as early as January 1, 2005.

According to official ABS figures, Australia does not export apples or pears to the United States. However, the Australia-U.S. FTA would provide overall benefits to the Australian horticultural industry. Under the agreement, 99 percent of Australia's current horticultural exports would enter the U.S. tariff-free, compared with the current 2 percent.

The United States would gain duty-free access to Australia for all agricultural products under the FTA.

Australia recently completed FTA's with Singapore and Thailand, in addition to the "Closer Economic Relations" agreement with New Zealand that dates to 1983. Additional FTA's are being explored with China, Malaysia, the Association of South East Asian Nations, Japan, and South Korea, amongst others.

Stocks

Official statistics for apple industry stocks are unavailable.

The Government of Australia does not subsidize the holding of stocks. Post believes that stock levels mostly reflect commercial conditions.

Pears

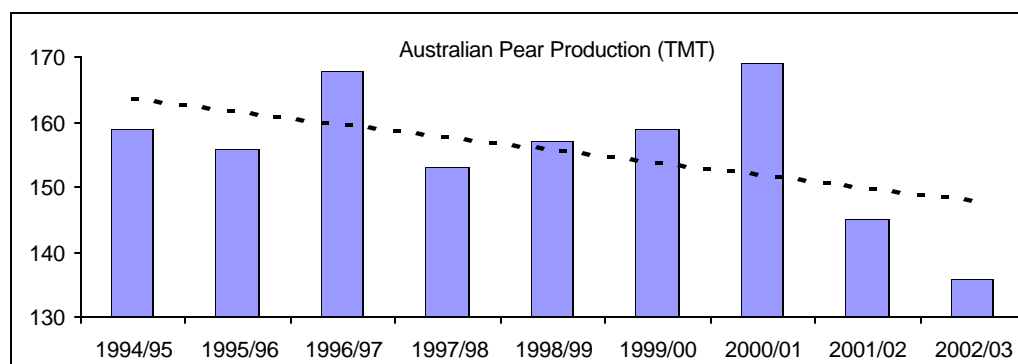
Production

Australia's CY 2004 pear production is forecast at 150,000 MT, unchanged from Post's previous report. This production level represents an increase of 14,018 MT from revised estimate for the previous year. A return to more normal weather conditions, following a severe drought, and steadily improving irrigation water supplies provide a favorable production outlook for the CY 2004 crop. Despite this improved outlook, this production level would be well below the long-term average, according to historic DAFF figures.

Post estimates pear production in CY 2003 at 135,919 MT, down significantly from the previous estimate and in-line with the most recent published figures from the domestic industry. Drought conditions greatly reduced soil moisture levels and the availability of irrigation water supplies. This production figure is well below the long-term average, according to historic DAFF figures.

The Australian pear industry may be facing a long-term production decline, according to historic data reported by DAFF. Industry sources report that recent expansion in Australian horticulture has been in high-valued industries such as viticulture and stone fruit, rather than pears. More recently, climatic events such as drought have lowered production.

Pear tree numbers were revised downwards by Post, in-line with numbers recently published by the industry. Anecdotal evidence also suggests that tree numbers are falling slowly. Drought conditions, low prices and competition from other higher-valued horticultural crops are believed responsible for this downward trend.



Source: DAFF

Consumption

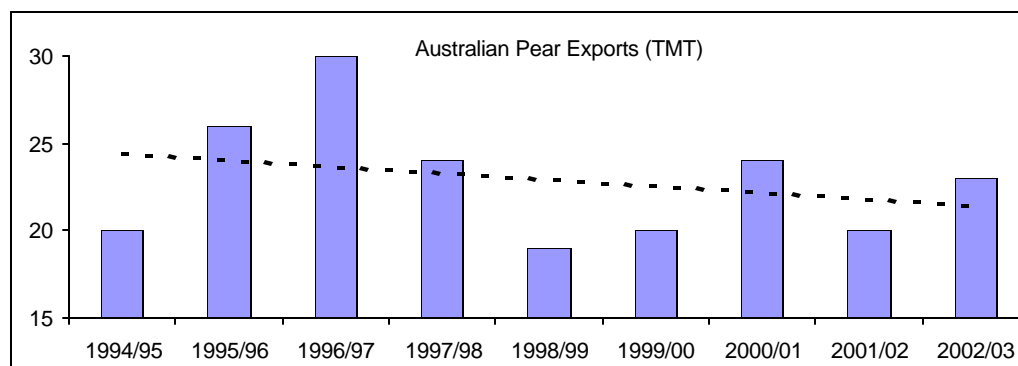
The bulk of Australia's pear crop is consumed domestically. Australia's pear consumption in CY 2004 is forecast at 80,000 MT, unchanged from the previous estimate.

Official up-to-date consumption figures are unavailable. Post derives consumption figures from production and exports.

Trade

Exports: Pear exports for CY 2004 are forecast at 10,000 MT, down 5,000 MT from the previous forecast. This export level represents a drop of about 30 percent from the revised estimate for the previous year. Official ABS year-to-date data for 2004 show a drop of over 40 percent. The anticipated below-average sized crop, together with a relatively strong Australian dollar are expected to see exports fall well below the long-term average reported by DAFF.

Pear exports for CY 2003 were revised downwards slightly to 14,202 MT, in-line with revised ABS statistics. This represents the lowest export figure recorded since 1994/95.



Source: DAFF

Imports: Australia imports only small quantities of pears, with China supplying the vast majority.

Stocks

Official statistics for pear industry stocks are unavailable.

The Government of Australia does not subsidize the holding of stocks. Post believes that stock levels mostly reflect commercial conditions.